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March 23, 2012

To the Montana House Human Services Committee:

I write to respectfully ask you to oppose HB 458 and HB 590.

I was instrumental in establishing a free health clinic for low income families in Bozeman, and I currently run a weekly clinic for homeless people at the Bozeman Warming Center. My daily medical practice consists of primarily low income patients. It is undeniable that many Montanans lack access to health care, and we must find a way to provide all Montanans with quality health care.

Medicaid no longer functions effectively for both patients and health care providers. Current reimbursement rates for an office visit do not even cover the physician's costs for that visit. The reimbursement process is complicated and fraught with delays, requiring increased office staff time, which drives the cost of providing care to Medicaid patients even higher. As a result, some Montana physicians have decided that they can no longer see Medicaid patients, not because they don't care, but because they cannot afford to provide that care. This trend is expected to continue.

Add to this the current shortage of physicians and other health care providers in Montana, particularly in our rural areas. Many of our physicians are reaching retirement age, without enough young physicians to replace them, so our physician shortage will only get worse.

Medicaid is expected to comprise 25% of the 2015 Montana state budget, and, even without expansion of Medicaid, that proportion is expected to increase. One reason for the expected increase is that, through an initiative unrelated to the Affordable Care Act, the federal Medicaid program will soon require that Medicaid reimbursement rates be increased to match Medicare rates, but no additional federal money is provided to cover that increased cost.

The Affordable Care Act calls for expanding Medicaid, and HB 458 and HB 590 will enable that expansion in Montana. Federal money will be provided to Montana to implement this expansion. However, the federal legislation requires that those federal funds quickly decrease, with Montana expected to make up the difference. Given the fiscal uncertainty of our federal government, it is risky to assume that much additional federal money will be available to the Montana Medicaid program beyond the next few years.

With expansion, the size and composition of the Montana Medicaid program will change: It is estimated that as many as 70,000 new Montanans will enroll in Medicaid. Many of them have not had adequate access to health care, so they are likely to have

serious and chronic diseases, complicated by a lack of previous treatment. They will require more physician time and medications than expected.

The Montana Medicaid system is broken. It poorly serves the needs of current Medicaid patients and their health care providers, and it will not be able to adequately accommodate more and sicker new Medicaid patients.

Expansion of the current Montana Medicaid program will result in fewer doctors seeing more and sicker patients. This will not only limit health care access and quality for existing and new Medicaid patients, but will necessarily decrease health care access for non-Medicaid patients as well.

My extensive experience treating low income patients confirms that we certainly need to increase health care access for all Montanans. However, I respectfully request that you do not support HB 458 and HB 590 at this time. Instead, please support legislation such as HB 604 that will begin to improve the Montana Medicaid system. Let's create a financially sound, robust and effective Montana Medicaid program that serves existing Medicaid patients and health care providers better. Then, and only then, will be able to responsibly expand Medicaid.

Sincerely,

A handwritten signature in black ink, reading "Robert J. Flaherty" with a stylized flourish at the end.

Robert J. Flaherty, MD

TESTIMONY OF DR. JD CLARK

I'm a podiatrist with 25 years in private practice in Montana and I am writing to ask you to vote No on HB 458 and HB 590.

I have great concerns about the expansion of Medicaid. The expansion of Medicaid would not be good for our state or the country! This program is now being run poorly, as I see the problems within my practice and of my Medicaid patients. The patient load is quite large and demanding while the reimbursement is less than half of that of insured or private patients. The turn-around time is usually 8-10 weeks for payment and many claims are uniformly denied as being unprocessable. That is government's way of saying we have too many claims and we are 10-20 weeks behind! I can't even phathom an expansion of this arm of health care. Expanding Medicaid, I'm afraid, may force doctors from private practice to work for a hospital or larger practice. It may force others to early retirement. This would be bad for rural Montana where access to health care is already a problem.

I must also say that I feel there are many deserving beneficiaries of this assistance program but...many able bodied, able-to-work, patients who have made poor health and other social decisions that are on full Medicaid. These patients use and abuse the system time and time again, presenting with insignificant complaints just because they can! In contrast a paying patient makes a choice to seek medical advice considering other factors such as cost, time involved and degree of severity of the condition. It is easy to spend someone else's money when YOU have no "skin in the game!"

I would also like to address the young, single patients that qualify for assistance because of their income level only. Other than those who are delayed mentally or are physically disabled I feel that some criteria should be established to include the ability to work at some sort of job. I am seeing an increase of able bodied adults that are not employed and choose recreational activities and or minimal employment to keep an income level at the qualifying requirements. I suggest a coordination of benefits between unemployment and government programs, the accountability would clear out the system of those who are just "takers".

For these reasons I urge you to oppose Medicaid expansion.

Dr. JD Clark
Podiatrist
Bozeman, Montana

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3/22/2013

Montana 2013 Legislature

RE: Expansion of Medicaid

Dear Representatives and Senators,

Please do not expand the Medicaid program allowed under Obamacare. Doing so would only expand an already failed system into an even bigger unfunded liability. Projections indicate that early modest savings are quickly overwhelmed by rapid increases in state spending in 2017, when the federal subsidies diminish and costs continue to rise. Net increased cost to Montana taxpayers is estimated to be 138 million through 2022. Greater dependence on diminishing federal dollars for a failing system is not good fiscal or health care policy.

Many hospitals and physicians favor expansion for their own financial health. However the ultimate impact of how the Montana government funds that extra 138 million over the next 9 years will not be good for any of us.

Just because someone is "on Medicaid", does not mean their access to health care or their outcomes are improved for a host of reasons, as noted in the references listed with this letter. I have practiced Neurological Surgery in Montana since 1989. Medicaid expansion would profit my practice. But the cost to the patients (Medicaid and others) as well as to the state of Montana is not worth my profit.

Medicaid needs reform. Please do not expand a failing system.

Sincerely,



Paul L. Gorsuch Jr., M.D.

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Warning: Montana Medicaid expansion may be hazardous for your health

March 24, 2013 12:00 am • By Joe Balyeat

"If a (insurance) mandate was the solution, we could try that to solve homelessness by mandating everybody buy a house." Sen. Barack Obama, 2007.

Growing up in a Montana family of 14, my parents taught us most important life lessons. One lesson driven home repeatedly: If a deal sounds too good to be true ... it probably is. Such is the Obamacare deal. Everybody will be forced to buy health insurance, and that will magically mean better health care.

Obamacare's Medicaid component is particularly egregious for Montanans. They're going to vastly disincentivize anyone becoming a doctor (or continuing as a doctor), by greatly increasing their patient workload, telling them they must charge less for various treatments and interjecting the federal bureaucracy between doctor/patient so doctors can't prescribe their best preferred, individualized treatment; but can only do what Medicaid pays for. They're going to "steer" 1 in 4 Americans onto a broken Medicaid system which was designed only to provide stop-gap emergency care to the poorest among us, and they expect health care to improve? Especially in rural Montana, which already has a doctor shortage and problems attracting new doctors? If you believe that, I've got oceanfront property in Ekalaka to sell you.

Hospitals, which made a devil's bargain in supporting Obamacare, will be aggressively pushing the Legislature for Montana Medicaid expansion — not because it means better health care for Montanans, but because it means better profits for hospitals. But here's what we already know about the poor quality of Medicaid. Recent studies reveal this startling fact — health outcomes for Medicaid patients are not only far worse than health outcomes for privately insured patients, sometimes they're even worse than outcomes for uninsured patients. Here's the data:

- Medicaid patients are seven times more likely to be rejected from a family physician than privately insured patients. Only 53 percent of doctors say they accept new Medicaid patients. Obamacare will make health care access worse. (Center for Studying Health System Change, Health Tracking Physicians Survey)
- Surgical patients on Medicaid are 13 percent more likely to die than even uninsured patients and 97 percent more likely to die than privately insured patients. Patient health outcomes will be worse. (University of Virginia study)
- Individuals on Medicaid that have coronary artery bypass surgery are 50 percent more likely to die than patients with private coverage or Medicare. (Journal of the American College of Cardiology, 2005)
- Medicaid cancer patients are 2 to 3 times more likely to pass away than other patients. (Journal Cancer, 2005)

Please note the key fact — Medicaid patients are far more likely to die than even uninsured patients. And because Medicaid is means tested, Montana's extremely low wages could result in up to 1 in 3 Montanans eventually steered onto this broken system, as the cost of private sector insurance skyrockets due to all the "wish-list" mandates liberal politicians crammed into Obamacare insurance. Obama's 2007 argument has been redoubled. Hey, let's not only force the homeless to buy a house, let's force them to buy a mansion. Result: perhaps 1 in 3 Montanans will be priced out of private insurance and onto Medicaid.

And consider the enormous cost of Medicaid, which will now be foisted on American taxpayers. By 2020, Medicaid will expand to cover 85 million Americans at a cost of \$870 billion annually. As PJ O'Rourke forewarned us, "You think health care is expensive now ... Just wait and see how much it costs when it's free!"

Why did Montana's own Sen. Max Baucus (as finance chairman) design such a tragedy for Montanans, and why did Montana's Sen. Jon Tester cast the deciding vote in favor of it? D.C. politicians buy and sell deals "too good to be true" daily. Helena politicians should not follow suit. Medicaid expansion must be rejected — for better patient health, and better taxpayer fiscal health. Stand up and make your voice heard in Helena.

Joe Balyeat previously served as chairman of the Montana Senate committee overseeing health insurance mandates. He presently serves as state director of Americans For Prosperity – Montana; and is a founding partner of the Montana Medical Free Choice Coalition.



Medicaid Expansion in Montana: **\$138 MILLION**

*Medicaid expansion in Montana would result in a rapid increase in spending beginning in 2017, quickly surpassing any modest savings from reductions in state payments to providers for uncompensated care. On net, the expansion would cost Montana taxpayers **\$138 million** through 2022.*

STATE EXPENDITURES AND SAVINGS DUE TO
MEDICAID EXPANSION, IN MILLIONS



Sources: Heritage Foundation calculations based on data and methodology from John Holahan et al., the Urban Institute, "The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis," Kaiser Foundation, November 2012, <http://www.kff.org/medicaid/upload/8384.pdf> (accessed February 28, 2013).